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PROFIT-SHARING

A General Study of the System
as in Actual Operation

Presented to the CONGRESS OF BORDEAUX

On behalf of the SOCIETY FOR THE
PRACTICAL STUDY OF PROFIT-SHARING

(*La Société pour l'Étude Pratique de la Participation aux
Bénéfices*)

23rd-24th November, 1912

BY

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Reporter of the Section of the Remuneration of Labour at
the International Exhibition of 1900,
Secretary of the Society

Translated from the French and published with the
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NOTE BY THE TRANSLATOR

The French “Society for the Practical Study of Profit-Sharing” (*La Société pour l'étude pratique de la participation aux bénéfices*), 20 Rue Bergère, Paris, has been engaged, during the forty-one years of its existence, in the systematic study of Profit-Sharing as carried on in various countries and in many industries. The Society is thus in an unequalled position for giving reliable information and sound advice on this subject, and it has been thought that, especially at the present time when the question is receiving so much attention in the industrial world, a translation of this short and practical, yet comprehensive study of Profit-Sharing, containing as it does the digested experience of the Society and its mature judgment on many important points, would be of peculiar value to English-speaking enquirers—a value scarcely diminished by the fact that it is seven years since the original was published in France, progress in this movement having necessarily been suspended more or less completely during the period of the War.

This translation is now issued in the hope that it may prove useful to those seeking information or guidance in connection with this important subject, and that it may conduce to the establishing of peace and concord, industrial and social.

December, 1919.

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PROFIT-SHARING

A GENERAL STUDY OF THE SYSTEM AS IN ACTUAL OPERATION

*"Gardons tous dans le jugement que nous portons sur les transformations économiques de notre siècle une juste mesure."*¹—E. LEVASSEUR.

(Opening address at the International Congress on
Profit-Sharing of 1889.)

INTRODUCTION

Participation by the Employees in the profits of industrial enterprises is perhaps of all social problems the one that has been most exhaustively studied. Numerous works have been devoted to it both in France and in other countries—books of instruction, records of inquiries, memoirs and monographs—of which some—as for example the very complete works of Professor Bœhmert and the writings, from personal conviction, of M. Charles Robert and M. Alfred de Courcy—are

¹ "Let us all preserve a just proportion in the judgments we form on the economic changes of our time."

almost classic. Together with individual studies of the subject—manifold and varied in character, in some cases exceedingly profound—collective labours of wide scope have marked out the road to be followed by means of directions, materials and models. They form the essential manifestations of this remarkable movement. We shall here briefly recall them.¹

The Society for the Practical Study of Profit-Sharing (*La Société pour l'étude pratique de la participation aux bénéfices*), founded in 1879 by a few employers, at the head of whom were M. A. Chaix and M. Goffinon, has carried on its researches for over a third of a century by the experimental method and putting aside entirely the spirit of controversy. The end which it seeks to attain gained for it in 1889 recognition by the State as an institution of public utility. Its *Bulletin* forms no less than thirty-three volumes. Thanks to its agency the Works of Professor Böhmert have been placed before the French public in a translation carefully carried out and kept up to date. The Society has co-ordinated the methods of sharing profits in a *Guide* in which the Employer will find in their respective places the solutions that experience has shown to be best for the

¹ We have given in the introduction to our book *Les applications de la participation aux bénéfices* (Paris, Chaix, 1896) a general sketch of these studies, and, more recently in vol. xxvi. of the *Bulletin de la Participation*, a bibliography of books and pamphlets published in the French language on this subject.

different questions that arise in connection with the application of the System.

M. Charles Robert devoted himself for twenty years to the direction of this *centre d'études*, which since 1899 has been presided over by one of our most able economists, M. Paul Delombre.¹

The Extra-Parliamentary Commission on Workmen's Associations in its inquiry, ordered in 1883 by M. Waldeck Rousseau, then Minister of the Interior, examined the system with great care, as witness Vols. II and III of its deliberations, published in 1883² and 1888.³

Profit-Sharing has been seen occupying a highly honourable place at the Exhibitions of Social Economy, from the first of these interesting displays on the *Esplanade des Invalides* in 1889, down to the Turin Exhibition in 1912. The International Juries of 1889 and 1900 devoted substantial reports⁴ to it, which may be regarded as supplementing the records of the Inquiry by the Tenth Group at the *Exposition Universelle* of 1867.⁵

¹ Headquarters of the Society: 20, Rue Bergère, Paris.

² *Imprimerie Nationale*.

³ *Imprimerie Chaix*.

⁴ 1889—Group of Social Economy, Section II; Profit-Sharing, Productive Co-operative Associations (Paris Imp. Nat., 1891). 1900—Section 102; Remuneration of Labour, Profit-Sharing (Paris Imp. Nat. 1901).

⁵ The Report on the Inquiry of the Tenth Group (objects specially exhibited with a view to the amelioration of the condition, physical and moral, of the com-

Two International Congresses of Economists, Lawyers and Leaders of Industry, organized by the Society for the Study of Profit-Sharing and presided over, the first by M. Emile Levasseur and M. Charles Robert, the second by M. Paul Delombre, deliberated in 1889 and 1900 on the principle and its applications, embodying their conclusions with precision in a number of well-matured resolutions. There exist two Minutes *in extenso* and two analytical Reports of their labours.¹

A competition instituted in 1895 at the *Musée Social* by Count de Chambrun called forth fresh study and the production of very extensive works on the subject. It gave occasion for the issue of a general report which the keen intellect of M. Emile Levasseur succeeded in making a veritable treatise on Profit-Sharing.²

The *Académie des Sciences Morales et Politiques* chose "Profit-Sharing" as the subject for the *Blaise des Vosges* Prize (awarded in 1914) and, on the report of M. Edmond Villey, it acknowledged the services rendered by the Society devoted to the study of this mode of remuneration

munity) distinguishes three principal modes of improving the wage system. (1) Humanitarian arrangements due solely to the benevolent initiative of the Employer; (2) Relief Funds, Profit-Sharing Schemes and analogous institutions to the creation of which both Workmen and Employer have contributed; (3) improvements effected by the workmen alone.

¹ Paris, Chaix, 1890 and 1901.

² *Le concours sur la participation aux bénéfices au Musée Social* (Paris, Firmin—Didot et Cie, 1897).

by bestowing on its Secretary in 1911 one of its highest rewards—the Corbay Prize.

Parallel to the course of action thus pursued in France, the British Labour Department has kept continuously open for a number of years an inquiry into the Applications of Profit-Sharing in Great Britain, of which it gives an account annually in the *Labour Gazette*. Since 1911 it has given a special impulse and extension to these investigations, with the help of a very experienced Specialist, Mr. David F. Schloss, who is also the author of works on this subject.¹

The first publication of the results of this new inquiry was made in the *Labour Gazette* of July, 1912.

We recall finally that there have been several attempts at different times to make Profit-Sharing the subject of legislative action and that at the present time (1912) the Chamber of Deputies has under consideration proposals with this end in view.

We have described in our last book the different ways adopted in France and other countries of putting the system into practice.² The minute examination then made of known applications prepared us for the general review which the

¹ See especially: Board of Trade (Profit-Sharing). Labour Department, *Report on Profit-Sharing* (London, King & Son, 1894).

² *La Participation aux bénéfices. Exposé des différentes méthodes adoptées, pouvant servir de guide pratique pour l'application du régime.* Preface by M. Paul Delombre (Paris, Chaix and Félix Alcan, 1912).

Organization Committee of the Congress of Bordeaux have been pleased to ask from us and which we endeavour to present in the following pages.

In accordance with our customary method we mean to avoid as far as possible giving expression to our personal opinions and to give special prominence to the arguments, views and experience of men who have acquired an exceptional authority in connection with this subject.

October, 1912.

I

THE PRINCIPLE

According to M. Charles Robert, “ Profit-Sharing is a voluntary agreement, express or implied as the case may be, by which an employer gives to his workman, over and above the ordinary wage, a share in his profits without participation in losses.”

This definition was accepted by the Jury in the Competition for the Chambrun Prize. In his *Report on Profit-Sharing* Mr. David F. Schloss, of the Board of Trade, London, also adopted it.

The latest definition of the system given by Professor Boehmert, the German Apostle of Profit-Sharing, has the same precision and the same meaning:—“ Profit-Sharing is a mode of remuneration which completes the fixed wage agreed upon by an eventual supplement corresponding with the net result of the enterprise.”¹

In 1889, on the report of M. Gonse, Judge at the Court of Appeal, and in 1900, on the report of

¹ *La participation aux bénéfices en Allemagne, en Autriche et en Suisse*, p. 131 of our translation into French (Paris, Chaix, 1908).

another eminent lawyer, M. Lyon-Caen, the International Congress on Profit-Sharing expressed the opinion "that the agreement voluntarily entered into, by which the Workman or Clerk receives a predetermined share of the profits, is to be recommended as in accordance with equity and is not contrary to the essential principles of justice."

In regard to its relation to economic doctrine, an undoubted master, M. Emile Levasseur, Member of the *Institut*, Administrator of the *Collège de France*, who has made a profound study of the life of the working classes in the past and present, tells us, "Political Economy recommends the application of Profit-Sharing to industry, and counsels moderation in its practice."¹ It is doubly right, for that which is in harmony with justice and equity cannot be in opposition to science; moreover, no institution demands in reality more than Profit-Sharing the qualities of balance and just proportion; there must be purity of intention on both sides, an appropriate medium; a reasonable quantum, a normal basis of division, a judicious mode of employing the funds, and the maintenance of the Master's authority complete and respected.

M. Levasseur has not confined himself to this single expression of opinion. On the occasion of the Chambrun Competition, in which he had accepted the office of Reporting Judge, he

¹ Address at the opening of the International Congress of Profit-Sharing of 1889.

investigated the subject with the rigorous method habitual to him. Taking the above definition, he confirmed and developed it as follows :—“ Profit-Sharing does not constitute a commercial association as between the Employer and his work-people ; consequently it cannot be governed, in its legal aspect, by the laws which govern associations of that kind. It is a *form of contract for the hire of labour*, in virtue of which the remuneration of the employee, instead of consisting solely, as in the case of the ordinary wage, of *an amount determined in advance* according to the time, or the piece, is composed of two portions—an ordinary wage fixed beforehand and paid at periods agreed upon ; and in addition *an eventual share of the profits*, if any, subsequently assigned to the wage-earner after the balancing of the accounts at the close of the financial year. Profit-Sharing is a perfected form of remuneration.”¹

This sharing by the Employees in the profits of the undertaking has not the character of an institution of pure benevolence. Leclaire himself, who is considered as the original founder of profit-sharing in industry, always refused to allow himself to be called a philanthropist. Rightly understood, the practice is advantageous to both parties ; to the Workman by the additional remuneration which it brings him ; to the Employer by the good work which he, more than any other, has the right to expect and by the security

¹ *Rapport sur le concours de Chambrun* (Paris, Firmin-Didot, 1897).

that he gains by having a loyal body of workers.

Profit-Sharing is not a panacea. By promoting harmony in the workshop, and by drawing workman and employer closer together, it tends to produce an effective co-operation in the development of social peace. But many other forms of organization work toward the same end. "It is," to quote M. Cheysson, "one of the weapons of the panoply; it is not the whole panoply."¹

Such an organization can prosper only under conditions of freedom. The International Congresses of 1889 and 1900 pronounced formally against any interference by the State with the "Agreements, express or implied, which regulate the participation of Employees in profits." Profit-Sharing is and must remain the result of private initiative, of the counsels of experience and of the progress of general education.

"Any attempts," writes M. E. Levasseur, "which have been or might be made to apply the system compulsorily, are no more rational than such as would have as their aim the arbitrary fixing of the rates of wages in industry, or, in agriculture, the amount of the rent and the farming conditions. They are in opposition to the principle of the freedom of labour and of private property, of which political economy, in accord with common sense, demonstrates the rightfulness and productivity; and they result in injury to Profit-Sharing by causing it to be confounded with the teaching of the Socialists, who aim at

¹ Letter from M. Cheysson to M. Charles Robert.

reorganizing the production and distribution of wealth by substituting for the stimulus of individual activity the authority of law and administration.”¹

We cannot sum up our view of the character and import of this institution better than by quoting certain opinions to which the names of their authors lend peculiar force :—

“ The fixed wage has represented a great social advance ; it has tended to the emancipation of the worker ; it is, in principle, the legitimate remuneration of effort and service. But Profit-Sharing increases this wage in the most equitable proportion, that of the prosperity of the business —a prosperity which has accrued from the very fact of the solidarity, thus rendered more tangible, between the Workers and their Employer.”²

“ Profit-Sharing is to be recommended, partly for reasons of expediency—because it offers certain advantages, as much in its economic and technical bearing as from the point of view of the education of the workers—but chiefly because it reconciles satisfactorily the interests of Masters and Men ; partly for reasons of *justice*—because it secures that the Employees shall not be excluded from participation in the benefits of prosperous years.”³

¹ Report on the Chambrun Competition.

² M. Paul Delambre ; closing address at the International Congress on Profit-Sharing of 1900. (See official report, p. 39, Paris, Imp. Nat., 1901.)

³ Professor Victor Böhmert, *Profit-Sharing in Germany, in Austria and in Switzerland* (see our translation into French, p. 132. Paris, Chaix, 1908).

" This work of reconciliation, this work of mutual understanding in the social sphere, rests wholly on this truth, which cannot be too often proclaimed, which must be set in opposition to class warfare and perpetually kept in view, viz. :—the real harmony of interests, a harmony which is the very negation of the revolutionary idea—of class hatred." ¹

" Profit-Sharing makes appeal to that most powerful stimulus to human activity, personal interest ; it urges the workman to produce the largest possible amount and with the greatest possible economy by calling him to share in the benefits resulting from these conditions ; at the same time it secures a more equitable division of these benefits, since it is incontestably right that the Workman should receive in proportion to what he has given ; finally, and above all, it tends to make clear the solidarity of interests in an industrial establishment by proportioning the earnings of the Worker to the net profits of the business, and it would appear to be thereby the surest pledge of social peace." ²

In conclusion, let us listen to a voice from afar

¹ M. Georges Picot, Secretary of the *Académie des Sciences Morales et Politiques*. Address given at the General Meeting of the *Société pour l'étude de la participation aux bénéfices* of March 16, 1908 (*Bulletin de la Participation*, vol. xxx., p. 109. Paris, Chaix, 1909).

² M. Edmund Villey, Member of the *Institut*, Dean of the Faculty of Law at Caen. Report on the "Corbay" Prize read before the *Académie des Sciences morales et politiques* at its meeting on November 18, 1911.

singularly sonorous, which merits our closest attention :—

“ This sharing in profits is destined to change the character of industry by changing that of the mass of the workers. It will give to these a dignity, a love of order, a disposition to good conduct to which they could not otherwise attain. The sullen strife between Masters and Workmen which has caused so many disturbances, such waste, so much loss of vital force, would then disappear as if by magic ; and it is above all these motives to moral order in the political and social spheres that in view of present conditions make me ardently desire its adoption.”¹

¹ *Question des travailleurs. L'amélioration du sort des ouvriers. Les salaires. L'organisation du travail,* by Michel Chevalier, Professor of Political Economy at the *Collège de France* (Paris, Guillaumin, 1848).

More than once, since 1848, M. Michel Chevalier has touched on the question of Profit-Sharing. In the remarkable report written by him after the *Exposition Universelle* of 1867, under the title, *Introduction aux rapports du jury international*, he devotes a long paragraph to the sharing by the Workman in the profits. He considers it as an end to be attained, an object to be pursued, which “ has nothing in it that is contrary to the nature of things, nothing that is incompatible with the rights of the Employer.” He adds that “ great results are to be expected from it in the way of successful production and the progress of industry. But to achieve these results conditions of more than one kind have to be fulfilled, and, first of all, moral conditions.” (*Exposition universelle de 1867. Rapports du jury international sous la direction de M. Michel Chevalier.* Paris, Paul Dupont, 1868, 1st Vol. pp. CDxlvi. et seq.)

In 1875, in his course at the *Collège de France*, M. Michel Chevalier made Profit-Sharing the subject of two lectures.

This then, is how Profit-Sharing appears to us when properly understood by both sides and offered and accepted in good faith and honesty. The ideal is manifestly a very high one. Let us strive to come nearer to it in the interests of social peace !

II

THE APPLICATIONS

The house painter Leclaire is held to have been the principal pioneer of Profit-Sharing in Industry in FRANCE. He established it in his business in 1842. But in 1839 the house of Seydoux, at that time known as Paturle-Lupin, Woollen Spinners and Weavers at Le Cateau, had introduced through its Articles of Association a participation in profits by the personnel, but in favour only of a certain number of clerks and foremen. It is known that by virtue of the Decree of Moscow of October 14, 1812, the profits of the *Théâtre Français* are divided into shares for the members, these falling to be added to their fixed salaries. At the time of its foundation in 1820 the insurance company *La Nationale* considered it was performing an act of wise administration in interesting its personnel in the development of its business. The initial form of Profit-Sharing adopted by the Insurance Company *L'Union* is also of an early date, viz., 1838.

The case of the Co-operative paper-mill of M. Laroche-Joubert at Angoulême takes us back to

1843 ; that of the Paris and Orléans Railway to 1844 ; that of the house of Steinheil at Rothau (Lower Rhine) to 1847. How distant a date would have to be assigned to the commencement of the celebrated Workman's institutions of Jean Dollfus, continued by Frédéric Engel-Dollfus and their successors, at Mulhouse (Upper Rhine), of which the principal source of revenue is an amount deducted from the profits of the enterprise before they are divided ! Alexandre de Berny instituted Profit-Sharing in his type-foundry in 1848.

Next follow the agricultural blend of Profit-Sharing and *Metayage*, which M. Bignon organized in so rational a manner on his estate of Theneuille (Allier) in 1849 ; the applications by the Gas-Light Company of the towns of Le Mans and Vendôme in 1849, by the *Compagnie d'Assurances générales* in 1850, by the insurance companies *la Providence* in 1850, *le Phénix* in 1853, *la France* in 1858, by the International Suez Canal Company in 1865, and by the printing house of Brière at Rouen in 1866. Two large combinations which had subsequently to be abandoned, those of Bord, Manufacturer of Pianos, and Lenoir, House Painter, both of Paris, dated from 1865 and 1870 respectively.

In 1871 and 1872 Profit-Sharing penetrated into a considerable number of establishments, among them the banking firm of Vernes & Co., Paris ; the office of M. Roland-Gosselin, Stockbroker, Paris ; the printing houses of Chaix and of Godchaux, Paris ; the plumbing and roofing business of M. Goffinon

(now Barbas Balas & Co.), Paris ; the firm of Gaget, Gauthier & Co. (now Vinet, Gondrand & Co.), Art Copper and Lead Works, Paris ; the bleaching and dyeing works at Thaon (Vosges), and the Insurance Companies *l'Aigle* and *le Soleil*.

The printing house of Mame at Tours, and the bookselling firm of Masson at Paris, began in 1874 to grant to their personnel an interest in the amount of the business done. In the same year Messrs. François, Grellou & Co., Rubber Manufacturers, Paris, accorded to their workmen and clerks a large interest in their profits.

The Provident Fund established by M. and Mme. Boucicaut in favour of their employees, based on participation in the profits and forming the starting point of the powerful institutions of the *Bon Marché*, has existed since 1876. The adoption of this regime by the Insurance Company *L'Urbaine*, the *Comptoir d'Escompte* at Rouen, and the Spinning Mill at Oissel also dates from 1876.

It was in 1876 that J. B. André Godin instituted the important association between Capital and Labour which subsists at the *Familistère* at Guise, and which was a direct sequence to Profit-Sharing. In 1877 M. Besselièvre, Manufacturer of Printed Calico, at Maronne (Seine Inférieure), began in his works an experiment with the system, which was not destined to last long.

From 1877 to 1888 Profit-Sharing was introduced in a noteworthy manner into the Insurance Company *l'Abeille*; the printing house of Buttner-Thierry, Paris ; the Piat Foundry, Paris ; the businesses of Messrs. Caillard & Co., Engineers, Havre ; Lefranc & Co., Manufacturers of Colours and Varnishes, Paris ; Moutier, Locksmith, St. Germain-en-Laye ; Gounouilhou, Printer (now *Société anonyme des journaux et imprimeries de la Gironde*), Bordeaux ; and Baille-Lemaire, Optician, Paris ; further, into the masonry business of M. Delalonde (now Delalonde et

Gouverneur), the carpentry firm of Madame Lecœur, the roofing and plumbing works of M. Monduit and of Messrs. Thuillier frères, all of Paris ; the business of Messrs. Cazalet et fils, Wine Merchants, Bordeaux ; that of the insurance company *La Foncière* ; the branch embroidery workroom of M. Nayrolles, Paris, (where, in spite of an excellent beginning, it did not last beyond the active years of the founder) ; and other establishments.

From 1889 to 1900 we can count thirty fresh applications, among them the following : the firm of Bréguet, Manufacturers of Instruments of Precision and Electrical Apparatus, Paris ; Muller & Roger, Brass Founders, Paris : *Société du secteur électrique de la Place Clichy* ; *Société Générale des chemins de fer économiques* ; the estate of Grèsy (Gironde) ; the roofing business of M. Bossière at Rouen ; the Savings Banks of Paris, Rheims and Coulommiers ; the Carvin Mines ; the Lyons Tramway Company ; the cardboard works of M. Bergeron at Paris, etc.

From 1901 to 1911 some twenty further examples may be noted : Bernot & Co., Wholesale Coal Merchants, Paris ; Fouquet, Builders' Merchant, Caen ; Wickham Brothers, Surgical Truss Makers, Paris ; the Mines of Epinac, Blanzy & Albi ; Sadla & Co., Provision Merchants, Paris ; the Agricultural Societies of Notre-Dame-de-Vaudreuil (Eure), Bérat (Estate of Latour, Haute Garonne), and St. Laurent-d'Aigouze (Gard), etc.

We have published in the appendix to the *Guide pratique* (1912) a list of establishments which, according to the documents of the Society for the Study of Profit-Sharing, practise at the present time this mode of remunerating labour. It comprises 114 French applications apart from the numerous examples furnished by the system

of farming known as *Métayage* and the marine fisheries.

On comparing this estimate with that which appeared in the first edition of the "Guide" (1892) it will be observed that a considerable number of the instances cited twenty years ago no longer figure among those given in 1912. Certain of these have been eliminated by us as not possessing in reality the character of "Profit-Sharing," or for want of reliable data regarding their working ; others have failed to survive the vicissitudes of business, or the influence of an unfavourable medium, or they have had the fate of institutions of which the soul has vanished before having secured to them the conditions of permanence. In a domain of this nature it cannot be expected that all experiments shall be crowned with success. We are at this moment collecting for the *Bulletin de la Participation* information regarding the circumstances under which the system has been abandoned in the more important of these establishments. These investigations are very instructive, for they furnish us with the counsels of experience ; an accurate knowledge of the causes to which may be attributed past failures is a guarantee of future success.

On the other hand, since 1893 about forty fresh examples can be registered. If these trials taken together do not denote a very rapid evolution, yet they permit us to offer to the heads of businesses a choice of modes of application adaptable

to a large variety of cases, which is our chief aim. It is, moreover, unquestionable that very many of these institutions escape the permanent inquiry of our *centre d'études*, and that by the very desire of their founders, who are averse from making their experiments known, notwithstanding the merit attaching to these.

One must also recognize the fact that the system has to encounter in its progress certain contrary elements of a serious kind. The sinister suggestions that excite antagonism, so contrary to the nature of things, between Capital and Labour; the hostility of certain sections of society, especially the Socialists, to the very principle itself of Profit-Sharing¹; finally, the vague fear of an intermeddling with the financial management, as out of place as it would be inadmissible, are scarcely propitious for the development of a system which asks to be allowed to grow up and blossom quietly in an atmosphere of confidence, security and freedom.

These circumstances will, however, scarcely be sufficient to deter the employer who is really convinced of the efficacy of the system and who believes in its tranquilizing power. This is demonstrated by the existing examples. There is this also to be considered—that the more an employer is surrounded by difficulties, the more

¹ "This antagonism is becoming continually a greater obstacle to Profit-Sharing, which yet would be the remedy most calculated to cause it to disappear—a deplorable vicious circle!" (M. Edmond Villey—Report on the Corbay Prize).

does he need the support of institutions that will secure him faithful and devoted employees.

To recapitulate—the 114 French establishments may be divided as follows :—11 large metal businesses—foundries, engineering works and engine works ; 1 hardware and carriage factory ; 1 firm making metal buildings ; 1 factory for optical instruments ; 2 firms of house-painters, 1 of masons, 1 of joiners, 1 of locksmiths ; 4 engaged in roofing and plumbing ; 2 gas-lighting businesses ; 2 electrical businesses ; 1 firm dealing in building materials, 1 in wood, 1 in coal.

Ten printing establishments ; 1 type foundry ; 4 paper-mills and cardboard works ; 5 spinning and weaving mills ; 1 shoe factory ; 3 firms dealing in fancy goods ; 1 clothing establishment ; 2 factories for chemical products, inks, varnishes, etc. ; 2 bleaching and dyeing works ; 1 rubber factory.

One bakery ; 1 chicory factory ; 4 provision merchants ; 2 wine merchants.

Sixteen insurance companies ; 4 banks ; 1 stock-broker ; 3 savings banks ; 5 transport companies ; 2 theatres ; 1 manufacturers' accident insurance association ; 1 surgical truss maker ; 4 collieries ; 2 quarries ; 7 agricultural undertakings.

"BRITAIN must rank immediately after France in any study of modern Profit-Sharing. Britain has, in fact, above every other nation, followed the example of the house-painter Leclaire, and that under an even higher form—by causing the workmen to participate, not merely in the profits, but also in the ownership of certain businesses.¹

¹ The author whom we quote has evidently meant individual participation in ownership, for in the Maison Leclaire the workmen also possess, but collectively, a part of the capital of the firm.

There has resulted from this the system which the English economist Fawcett has named *Industrial Partnership, or Co-partnership.*" This estimate, which is to be found in Professor Boehmert's work published in 1878, is still a true one. We are kept regularly in touch with the Profit-Sharing movement in Great Britain by the results of the continuous inquiry carried on by the Labour Department of the Board of Trade. The number of British firms which, according to this inquiry, at the present time practise the system is 77. And we have to do here with a well-defined form of Profit-Sharing, for the British Labour Department draws up its annual statistics according to a strict rule, excluding from the list all such establishments as do not apply this mode of remuneration on the basis of a percentage of the profits definitely determined in advance.

The comparison between the past and the present which these data enable us to make, affords evidence analogous to that referred to above in the case of France. Several trials of the system have not stood the test of time and the persistent action of opposing forces. In our last address at the Annual General Meeting of the "Society for the Study of Profit-Sharing" we dwelt in detail on the failure of the system in the case of two large businesses—the Collieries of Messrs. Briggs at Whitwood, and the Ironworks of Messrs. Fox, Head & Co., at Newport. There are in existence accounts of these trials that are

quite precise and very eloquent, notably the Memorandum of Messrs. Briggs, published and annotated with remarkable impartiality by Professor Sedley Taylor of Trinity College, Cambridge, himself the author of a book on Profit-Sharing.¹ No other case has been investigated and laid bare in so complete a manner. Here, also, opposition was met with from certain sections of the workers and also hostile action from outside. But both of these trials were undertaken and carried out by their authors with a good faith, a sincerity, an energy and a perseverance that unquestionably rendered them deserving of a better fate. Their history is most instructive ; it shows in particular that the Principle of Profit-Sharing has emerged from these unhappy experiences without its value being in the slightest degree impaired.

It is in the Gas Industry that the system has had its greatest extension in Britain, with that participation in the ownership to which attention has been directed by Herr Böhmert. The honour of the movement belongs to Sir George Livesey, who introduced participation by the Employees in the profits and in the capital of the South Metropolitan Gas Company in 1889. Thanks to the good results achieved by him, the combination has been imitated successively by 25 other gas companies in Great Britain. The

¹ *Profit-Sharing between Capital and Labour* (London, 1884, Kegan Paul, Trench & Co.)—The *Bulletin de la Participation* published a French translation of the treatise in question (vol. viii. p. 43).

tendency has been specially accentuated in the last few years. We shall tell, further on, what wealth this system has brought to the 20,000 workers who benefit by it.

The other establishments where Profit-Sharing is being carried on and prospering are : 4 foundries and engineering works, including that of Armstrong, Whitworth & Co., at Newcastle ; 6 cloth mills, among them that of Thomson & Sons, at Huddersfield ; 2 dressmaking and millinery establishments ; 2 soap factories, including that of Lever Brothers, at Port Sunlight ; 5 chemical works, or industries connected with the same, including that of St. Dalmas & Co., at Leicester ; 1 house-painting firm ; 6 printing works, among them that of Cassell & Co., London ; 3 paper mills and morocco-leather works ; 3 flour mills ; 1 biscuit factory ; 1 brewery ; 1 insurance company ; 3 agricultural enterprises, among them the old-established Agricultural and Horticultural Association, of Deptford, etc. (London) ; 5 establishments dealing in agricultural products ; 6 grocery and provision merchants ; 1 coal merchant ; 1 nursing association.

Under the title of *La Coassociation dans l'industrie. Notes chronologiques sur les maisons anglaises qui ont mis en pratique la participation aux bénéfices et la coassociation*,¹ Mr. Charles Carpentier, Chairman of the South Metropolitan Gas Company, cites, in a recent booklet, more than two hundred cases of firms who are experimenting or have experimented in Britain with this mode of remuneration. A few compendious Notes accom-

¹ "Co-partnership in Industry. Chronological Notes on the English Firms who have practised Profit-Sharing and Co-partnership."

pany each citation ; they frequently give references which allow of recourse being had to more complete information. This treatise, therefore, affords excellent guidance for a study of the subject. The author agrees with us in calling attention to the fact that even those applications of the system that have been abandoned offer valuable teaching. "Often," he says, "a failure furnishes solid elements for an enduring success."¹

When one studies those institutions in the different countries which have for their aim the improvement of the relations between Capital and Labour through the amelioration of the condition, material and moral, of the workers, the noble country of ALSACE claims attention in quite a peculiar way. There, as early as 1853, the greatest possible efforts were made to provide wholesome and cheap houses for the workmen. The fight against accidents to the employees has there, at all times, also been the order of the day, and it was at Mulhouse that there was formed in 1867 the first union of employers for the use and the extended application of preventive measures. The list of benevolent and pension funds that flourish in the industrial centres of the province, and whose fortune is bound up with the prosperity, more or less, of business, would furnish numerous models consecrated by long practice. They are, indeed, so many applications of that indirect and collective Profit-Sharing which our

¹ London : Co-partnership Publishers, Ltd., 73 Southampton Row, W.C., 1912.

Congresses have recommended as equal in merit to direct and individual Profit-Sharing, considering its application as even preferable to the latter in certain circumstances. The most celebrated is without question that of the house of Dollfus-Mieg & Co., to which continue attached the names of Jean Dollfus, the creator of the Worker-Cities of Mulhouse, and of Frédéric Engel-Dollfus, the founder of the Association for the Prevention of Accidents to Workmen.

In the domain of direct Profit-Sharing, M. Gustave Steinheil, Spinning Mill proprietor at Rothau, followed Leclaire from 1847 with a solicitude that continued to the end of his long and patriarchal career. The introduction of the system in the case of M. Charles Kestner (Chemical Works at Thann) goes back to 1854, in that of M. Auguste Lalancé (Bleaching, Printing, Dyeing and Finishing Works at Pfäffingen) to 1874. There may also be cited the Cloth Printing Establishment of Messrs. Schieurer, Rott & Co. (now Scheurer, Lauth & Co.) at Thann (1874); the Rhin-et-Moselle Insurance Co. at Strassburg (1884), and the Wholesale Grocers' Society of Alsace at Schiltigheim (1899).

In his book, *Profit-Sharing in Germany, Austria and Switzerland*,¹ Professor Boehmert states that only nine of the German trials of the system described by him in 1878 still subsisted in 1902. But to this solid little nucleus there were added in the interval 33 new cases, which raises to

¹ *La participation aux bénéfices en Allemagne, en Autriche et en Suisse.* French Edition—Paris, Chaix, 1908.

42 the number of firms which the author was able to indicate in 1902 as practising the system in GERMANY.

We have translated and published in the *Bulletin de la Participation* in 1907, the conscientious researches of Professor Bœhmert, which our own investigations regarding the above-mentioned 42 establishments have brought up to date. By adding to the data thus collected the latest particulars obtained by our Society, we have now drawn up for Germany a list of 46 applications of the System. Our statement of 1892 comprised only 20.

Following his customary method, Professor Bœhmert has investigated the circumstances that accompanied the abandonment of the system in a certain number of cases previously mentioned and described by him. Along with remarks of a special kind, such as "the withdrawal of the founder from business," "troublesome attitude of the employees," or "the decline of trade," the author has noted causes more deep-seated in their nature which have exercised an influence on the general progress of the movement, as for instance the hostility of German Socialism and the indifference of the Trade Unions.

Nevertheless, Mr. Bœhmert affirms that the interest in Profit-Sharing has never ceased to spread in Germany. "We cannot," he adds, "indicate with certainty the number of firms that give their workmen an interest in the

profits ; but our inquiry has at least resulted in the collection of information on the cases described and in the bringing to light of new applications."

The 46 establishments noted may be divided as follows, omitting the 7 Alsatian examples already referred to :—5 foundries, forges, etc., among them the foundries of Illsede, where Profit-Sharing has existed since 1869, and the old-established forges and foundries at Freiberg (Saxony), where the system began to operate in 1840 ; 4 engine works and factories for machine and other tools, etc. ; 1 factory for steel springs ; 1 for optical instruments ; the old-established tin-plate works of Mr. Morgenstein (at Fuerth, Bavaria), who has practised the system since 1866, and the powerful electricity firm of Siemens & Schuekert, Limited, of Nuremberg and Berlin ; the colliery of Zanckeroda (Saxony), which has interested the miners in its profits for nearly sixty years ; the rubber works of Messrs. Traun & Sons at Hamburg, where a portion of the profits has been allotted to the employees since 1861 ; the establishment of Mr. Heinrich Freese, manufacturer of venetian blinds and wood paving at Berlin (Mr. Freese, the Berlin Van Marken, is not content with applying the system of Profit-Sharing ; he also seeks to propagate it by writings of a remarkable character) ;¹ 3 spinning and weaving mills, among them that of Kaufbeurn, Bavaria, which continues a profit-sharing arrangement of forty years' standing ; 4 paper mills and book-binding works, including the firms Max

¹ *Fabrikantensorgen* (Provident Measures arranged by the Employer) ; *Fabrikantenglück* (The Happiness of Manufacturers), Eisenach, Welkens, 1896, and 1899 ; *Die Gewinnbeteiligung der Angestellten* (Profit-Sharing by salaried employees), Gotha, Perthes, 1905.

Krause of Berlin, and Adler of Buchholz (Saxony) whose institutions have been in existence for nearly half a century; the Munition Works of Messrs. Braun & Bloem, at Duesseldorf, which figure also among the number of the first organizations described by Professor Bœhmert; 2 goldsmiths; 1 earthenware factory; 1 glass factory; 2 breweries; 1 marine transport company; 2 banks, including the *Credit Foncier* of Prussia; 2 commercial houses; 4 agricultural undertakings.

SWITZERLAND offers one example almost as old as that of Leclaire—the thorough-going Profit-Sharing which has existed since 1847 in the Watch Factory of Messrs. Balland & Co., at Geneva.

The other Swiss applications, to the number of 14, may be divided as follows:—2 spinning mills at Schaffhausen, among them the old-established house of Chessex & Hoessly (now Schoeller, Chessex & Co.), which has been practising the system for forty-four years; 1 silk factory; the chemical works of Mr. G. Fischer at Fehrlitorf, where Profit-Sharing has existed for thirty-four years; 3 factories for making telegraphic appliances and physical and optical instruments; the very old-established tobacco works at Brissago; 1 electricity firm; 2 printing works; 1 file factory; 1 jeweller; 1 cement factory.

Switzerland, in which country Mr. Bœhmert was for a lengthened period Professor at the Polytechnic School at Zurich, has been studied by him with peculiar care from the point of view of her workmen's institutions. The learned Economist has devoted to them several chapters of absorbing interest.

In HOLLAND the remarkable experiments of the late Mr. Cornelis Van Marken are pre-eminent.

This employer interested in social questions organized Profit-Sharing on a very broad basis in his Works for the manufacture of Alcohol and Yeast at Delft in 1879; eight years later he extended its application to the *Franco-Hollandaise* Oil Works and the Glue and Gelatine Works at Delft, two of his creations; in 1892 he founded the Van Marken Printing Works at Delft, the constitution of which allows to the Employees access to ownership of the Capital. The solicitude of this generous man for his assistants has shown itself in the most remarkable and ingenious institutions of Benevolence, Assistance, Education and even Recreation. These Works have been minutely described by him in his books and in beautiful albums.¹

In the large establishments of Messrs. Storck Brothers, Engineers, at Hengelo, there are prosperous Provident Institutions of the first order, which have their source in Profit-Sharing. The other Dutch examples known to us are—2 engine works; 2 printing works; the Stearine Candle Factory at Gouda, where the system has been in operation for a third of a century; 1 Insurance Company; and, lastly, the Company for working the State Railways. The number of examples in the Netherlands is, therefore, 12.

In BELGIUM only four cases are in evidence: the Belgian Lloyd Marine and Fire Insurance

¹ Notably *L'organisation sociale dans l'industrie* ("Social Organization in Industry")—(Delft, 1900. Imp. Van Marken).

Company at Antwerp, which followed in 1872 the system adopted by the Campagnie d'Assurances générales and eulogized by M. Alfred de Courcy; the provision business of Messrs. Delhaise Brothers at Brussels; the firm of Gustave Boël, Steel Works, Forges and Foundries at La Louvière; finally the important establishments of Naeyer & Co., Manufacturers of Paper Pulp, Boilers, etc., at Willebroeck.

In regard to the other European countries, we may cite the following:—In ITALY, Rossi & Co., Ltd., Woollen Manufacturers, minutely described in Professor Böhmert's first book; the People's Bank at Milan; a Scent Factory at Naples and a Lemon Merchant at Messina. In AUSTRIA-HUNGARY, Card-board Works at Saaz (Bohemia), and the Administration of the Posts and Telegraphs of Hungary. In SPAIN, the Royal Tapestry Works at Madrid and a Woollen Mill at Tarrasa, in the province of Barcelona. In PORTUGAL, the Tobacco Excise Office. In DENMARK, the State Railways.

As to the UNITED STATES and CANADA, documents are frequently received by our *Centre of Studies*, and in our opinion future reports regarding these countries will add largely to our present statistics. The list that figures at the end of the *Guide pratique* comprises for America 43 applications. It has been drawn up with the help of the works of the late Mr. Nicholas Paine Gilman, and communications received from him,¹ M.

¹ Mr. Nicholas Paine Gilman has devoted several works to Profit-Sharing, notably *Profit-Sharing between Employer and Employed*, etc. (Boston, Houghton, Mifflin Co., 1889).

Tolman's book *L'Œuvre de l'Ingénieur Social* and recent information collected by our Society, which we owe in large part to a vigilant corresponding member, Mr. F. C. Larivière, formerly President of the Chamber of Commerce of Montreal, Canada.

The 43 establishments may be divided as follows:—
5 printer-publishers, including The Riverside Press of Cambridge, Massachusetts; Rand, MacNally & Co., of Chicago; and The Century Co., of New York, where the principle has been in practice for 40, 33 and 31 years respectively; 2 cloth factories, comprising the celebrated Peace Dale Manufacturing Co. (Woollen Goods) and the Bourne Mills, Fall River (Cotton Cloth), both in Massachusetts, and which have assigned a portion of their profits to their employees for 34 and 23 years respectively; 3 flour mills, among them the extensive Pillsbury Mills at Minneapolis, with Profit-Sharing since 1882; 4 large ironmongery businesses, including the old-established firm of the Simmons Hardware Co., at Saint Louis (Profit-Sharing founded in 1877), and the establishment of Mr. F. C. Larivière at Montreal, Canada; 2 soap factories, including that of Procter and Gamble at Cincinnati; 3 chemical and drug factories; 1 house-painting firm; the Nelson Manufacturing Co., makers of pipes and sundry articles in copper at Saint Louis (Missouri), and which has given the name *Leclaire* to the village inhabited by its workmen; the Locomotive Works of Messrs. H. K. Porter & Co. at Pittsburg, where the Profit-Sharing is as old as that of the Nelson Co. (1886); 2 foundries, engine works, etc.; the Gas Co., of Columbus, Ohio (1885); the Edison Lighting Co., at Brooklyn, New York; 1 electric wire and cable factory; the United States Steel Corporation (Steel

Trust) at New York; 1 file factory; 1 silk factory; 1 shoe factory; 2 clothing factories; 1 hat factory; 1 account book factory; 1 moulding work-shop; 3 merchants; 1 wholesale pork butcher; 1 hotel; 1 transport firm; 1 savings bank.

Professor Böhmert has devoted an extremely interesting chapter to Profit-Sharing in the Marine Fisheries and the Agriculture of America.¹ Certain reports and communications on the same subject were subsequently published by the *Bulletin* of our Society. There is here a vast domain to be explored which we are at present unable to do more than mention.

The first researches of Mr. Böhmert regarding Profit-Sharing in the United States embraced, further, certain industrial firms, such as the Coach Works of Messrs. Brewster & Co., of New York, the extensive Tannery of Messrs. Webster & Co., of Maldon and Boston, and the Shoe Factory of Messrs. Bigelow & Co., of Worcester.² These trials were abandoned after being in operation for some time, either in consequence of strikes, as in the case of Messrs. Brewster & Co., or for reasons analogous to those mentioned above when treating of other countries.

A study of the subject by Mr. Gilman in 1902³ enumerates the phases of the disintegrating action that has resulted in the disappearance of a good number of applications of long standing. But he shows at the same time the remarkable

¹ Pp. 74 *et seq.*, 690 *et seq.* of the French Edition (Paris, Chaix, 1888).

² Pp. 363, 456, 485, 694, *et seq.* of the French Edition.

³ Report presented to the Congress at Manchester of the International Co-operative Alliance. A translation of it into French was inserted in the *Bulletin de la Participation* (vol. xxiv., p. 164).

features of several of the cases we have mentioned and which have owed their success to strong and judicious organization ; as, for example, those of Procter & Gamble, the Nelson Manufacturing Co., and the Bourne Works. "These three firms," he concludes, "are striking examples of the true way in which things should be done, and their perseverance has been rewarded by a most notable success."

III

THE METHODS

The *Guide Pratique* is entirely devoted to an account of the different methods that have been adopted in the practice of Profit-Sharing. We shall here briefly note the essential features of these.

I. THE RATE.

“The applications of the Profit-Sharing System present themselves under two very distinct forms. Some firms grant to their employees on certain stipulated conditions a part of the annual results the relation of which to the total profits is definitely determined and announced beforehand ; this is *Profit-Sharing with fixed quantum*. In other cases the employer previously deducts from his profits, in favour of his workpeople, a certain sum of which the proportion, whether fixed or variable, is kept secret ; this is *Profit-Sharing without fixed quantum*.

“In the first case the institution assumes to a certain extent, at least for one year, a contractual character. In the second case, the system remains discretionary and takes the form of a grant from the firm.

"Neither of these two forms is dependent solely on the personal views of the employer ; they are also dependent on the environment, the nature of the industry and the degree of intellectual development of the workers."

Profit-Sharing with Fixed Quantum.

The proportion, in the case of Profit-Sharing with fixed quantum, is itself very variable. "Here again the views, more or less liberal, of the founder, do not form the sole element in deciding the question. Other factors have to be considered ;—the relative importance of the capital and labour ; the scope of the management ; the technical knowledge required ; the commercial speculations involved ; the degree of risk, etc."

We shall first indicate the degree of importance of this form of Profit-Sharing in the case of those firms which practise the system with special completeness.

In the firm of Leclaire (Brugniot, Cros & Co.), Painters, Gilders, Paper-hangers, Glaziers and Looking-glass Makers, 25, Rue Bleue, Paris, the profits are allotted as follows :—

Thirty-five per cent. to the Provident and Mutual Aid Society, which is a sleeping partner in the business to the extent of 500,000 francs ;¹

¹ The capital of the Mutual Aid Society of Leclaire's firm is the result of the accumulation of the portions of the profits that have been allotted to it, at first as a gift and afterwards as a sleeping partner in the business.

15 per cent. to the Management, as sleeping partner to the extent of 300,000 francs ; 50 per cent. to the Office Staff and Workmen. Thus 85 per cent. of the profits fall to the Workmen and Staff ; i.e., the 50 per cent. allotted to Labour and the 35 per cent. belonging to the Provident and Mutual Aid Society. Indeed the Leclaire firm may be regarded as a true Productive Co-operative Association having its origin in Profit-Sharing and making the whole of its workmen and staff, whether members or not of the Mutual Aid Society, and even the casual employees participate in its profits.

At the works of Messrs. Laroche-Joubert & Co. (Co-operative Paper Mill at Angoulême), the profits are divided as follows :—25 per cent. to Capital ; 25 per cent. to the Managers and the Board of Directors ; 50 per cent. to the Employees.

In the case of the old-established firm of Godin & Co., *Société du Familistère de Guise* (now Colin & Co.), with workshops and foundries engaged in the manufacture of Heating and Cooking Appliances and Furniture, at Guise (Aisne), 75 per cent. of the profits are given to Capital, represented by the sum total of interests, and to Labour, represented by the aggregate salaries and wages for the year. The division between these two elements is effected on a basis of so much per pound to each. The remaining 25 per cent. goes to "Skill and Responsibility" (Managing Director, Board of Directors, Super-

visors, etc.).¹ We show on p. 63 how the employees have gradually become owners of the whole of the Capital.

At the Bon Marché (*Maison Aristide Boucicaut*), now carried on under the style of Fillot, Caslot, Dru & Co., Ltd., Dealers in Fancy Goods, Rue de Sèvres, Paris, the capital of 20 million francs is divided into 128,000 shares, which are held by the employees, or past employees of the firm, who have therefore become proprietors of the establishment. The employees who are not partners have the benefit of a share in the profits, without fixed quantum, after five years of employment.

These four organizations are exceptional instances. Leclaire and Godin had no children ; Boucicaut and his wife had lost their only son. With a generosity of heart and a breadth of view only equalled by their remarkable business ability, they sought to secure at once the welfare of their employees and the permanence of their work. As for Edmond Laroche-Joubert, the founder of the Co-operative Paper Mill at Angoulême, he was all his life haunted with a desire to ameliorate "the lot of the greatest number." His son and grandson have nobly followed in his footsteps.

In the case of those industrial firms which allot

¹ Until the Reserve Fund had reached the statutory amount, the share to Capital and Labour was 50 per cent. There is still, however, a certain sum deducted for the Reserve Fund before the 75 per cent. is allotted to Capital and Labour. For the financial year 1909-1910 this deduction was about 5 per cent.

to their personnel a definite percentage of their profits, the most usual proportions are 5, 10 and 15 per cent.—10 per cent. predominating.

Thus out of 51 cases that we have under review 11 operate with a proportion of 5 per cent.: the Cassell Printing Works, London; the Lighting Co., of Mans; the Carvin Mines, etc.

Eighteen operate with a proportion of 10 per cent.: Thuillier fils and Lassalle, Plumbers and Slaters, Paris; Steinheil, Dieterlen & Co., Cotton Spinners, Rothau (Alsace); Dutch Factory for the Production of Yeast and Alcohol, at Delft, etc.

Eight operate with a proportion of 15 per cent.: Chaix, Printing Works, Paris; Balland & Co., Makers of Watch Parts, Geneva, etc.

Among the others:

Four have adopted a proportion under 5 per cent.

Five have a proportion higher than 15 per cent.; among these figures the firm of Baille-Lemaire, Optical Instrument Makers, where the quantum is 33 per cent.

Lastly, 5 have taken as the basis for their deductions a percentage not of the profits but of the wages, and the portions allotted correspond, in the case of 4 of the firms, to 10 per cent. of the wages (Mame Printing Works at Tours; *Société Générale des Chemins de fer économiques*; Zeiss, Optical Instrument Maker at Jena; Crane & Co., Copper Works at Chicago), and in that of the fifth to 20 per cent. of the wages (*Secteur électrique de la place Clichy*).¹

¹ The proportion of 10 per cent. of the wages is a considerable one, and we do not think that in the other applications of the system it is often exceeded. At the Congress of 1900 this proportion was indicated to us by an individual educated at the "Grande école patronale" at Mulhouse—Mr. Alfred Engel, Grandson of Jean Dollfus—as a desirable one for supporting in an ordinary way

In the case of Insurance Companies, the chief proportion is that of 5 per cent. of the nett profits. In that of the Banks it varies between 5 per cent. and 10 per cent.¹

The agricultural undertakings which practise the system (apart from the examples of *Métayage*) allot to their personnel shares which vary from 10 to 50 per cent. of the annual results.

Alongside of these bases of division with a kind of mathematical definiteness, we find combinations of the greatest variety and ingenuity; here, half the profits are allotted to Labour, of which a third goes to the work of management and improvement, a third to mental labour, and a third to manual labour (Voelker-Coumes, Chicory Works, at Bayon (Meurthe-et-Moselle); there, wages receive a proportion equal to that of the dividend on the shares (Stunzi fils, silk factory, at Horgen, Switzerland; Tramway and Electrical Lighting Co., at Columbus, Ohio; Edison Lighting Co., at Brooklyn, New York, etc.); elsewhere, after deduction of interest on the Capital, the profits are divided equally between the Shareholders and the Employees (Clark, Nicholls & Coombs, Manufacturing Confectioners, London); in other cases the amount of the portion allotted to the employees is based on the dividend paid to the shareholders and also on the length of service of the

the collective benevolent and pension institutions connected with the Works (see p. 67).

¹ The Bank of France is deserving here of special mention. Although it has not organized for its personnel a profit-sharing system, strictly speaking, it has given grants to its remarkable provident institutions which, for the past ten years, have amounted to a sum corresponding on an average to 10 per cent. of the profits that have been divided. In the case of the Bank of Germany, the same proportion of the profits is devoted to increasing in a similar way the salaries and wages.

recipient (Engine Works and Iron Foundry at Halle, Prussia ; Steel Spring Works, Limited, at Cassel, (Prussia).

At the Blanzy Mines at Monceau-les-Mines, after payment of a dividend of 50 francs to the Shareholders, the remainder of the profits are divided equally between the shareholders and the workmen ; the Albi Mines, Limited, whenever a dividend of over 5 per cent. on the capital of the firm is distributed to the shareholders, allots to the workmen 20,000 francs for every franc of dividend over 5 francs.

It is well known that in the case of the South Metropolitan Gas Company, London, and in that of numerous lighting companies that have followed its example, the sharing of the profits is regulated according to the price of the gas.

At the printing works of *la Concorde* (Eendracht) at Schiedam, Holland, after payment of interest at 5 per cent. on capital, the division of the profits is as follows :—10 per cent. to Reserve, 20 per cent. to the Customers, 70 per cent. to the Shareholders and Employees, divided so that Capital and Labour receive the same percentage on their ordinary remuneration. Thus in 1909 this percentage was—for the Shareholders 10 per cent. on their Capital and for the Workers 10 per cent on the amount of their wages.

When founding his printing works at Delft, in 1892, Mr. Van Marken determined to take to himself the whole risk of the business in order that he might there put in practice in the most complete way his ideas as to the relations between Capital and Labour. Interest at 6 per cent. is allotted to Capital. After this has been deducted the profits are divided as follows :—25 per cent. to the Managers in respect of administration, 50 per cent. to the Managers, Clerical Staff and Workmen pro rata to their salaries and wages, 3 per cent. to the Foremen for supervision,

12 per cent. to the Founders for services rendered, and 10 per cent. for sundry purposes (the allocation of this 10 per cent. is decided by the Annual General Meeting).

In the business of M. Charles Tuleu (Deberny & Co., Type-founders, Paris) the profits are divided between Capital and Labour proportionately to the amount of the Capital and of the wages. The same method is followed by two firms dealing in Building Materials and situated very far apart—Burrit & Co., at Bridgeport (Connecticut), and Fouquet at Caen.

Some firms allot to their employees a percentage, not of the profits, but of the amount of the sales, of the gross production, or of the business done—Brière & Son, Printers, Rouen ; Masson & Co., Booksellers and Publishers, Paris, etc.

In other establishments the workers are made to profit by reductions in the cost of work previously estimated, through the greater care taken in the execution of it—Joya, Son & Co., Manufacturers of Copper-ware, at Grenoble ; Miguel Marçet's Son, Woollen Weavers and Spinners, at Tarrasa, Barcelona, etc.

These instances will suffice to give a general idea of the different forms of Profit-Sharing with fixed quantum.

Profit-Sharing without Fixed Quantum.

A considerable number of establishments which practise Profit-Sharing without fixed quantum have nevertheless formulated rules of a precise nature, and generally speaking very complete, to which the system is subordinated. We have enumerated about forty of these in our "Guide"—Adler, Book-binding Works at Buchholz (Saxony) ; Bergeron, Makers of Confectionery

Boxes, Paris ; Boissière, Plumbers and Slaters, Rouen ; Caillard & Co., Engineers, Havre ; Cazalet & Son, Wine Dealers, Bordeaux ; the Spinning Works at Oissel ; *Société anonyme des journeaux et imprimeries de la Gironde (Magasin Gounouilhou)* at Bordeaux ; A. Piat, Sons & C°, Engineering Founders at Soissons ; Muller and Roger, Bronze Founders and Valve Makers, Paris ; etc., etc. Others have no rules, strictly speaking ; the measures for promoting the welfare of the personnel are in such cases traditional ; they are transmitted from generation to generation along with the processes of manufacture and administration—a noble and priceless trust, and, together with an honoured name, the best heritage that can be left to one's descendants.

2. THE DIVISION.

The division of the sums allotted annually from profits is effected oftenest on the sole basis of the wages, regarded as a normal indication of the degree of co-operation rendered towards the production. In certain cases length of employment, importance of the functions, personal merit, or the individual production is taken into consideration—sometimes alone, sometimes in combination with the wages.

The following are the commonest modes of procedure :—

Division pro rata to the wages. Under this heading may be ranged applications of the system in trades of the greatest variety :—foundries,

engineering works, etc. (Caillard & Co., Havre ; Piat, Soissons, etc.) ; paper mills (de Naeyer, Willebroeck ; Krause, Berlin, etc.) ; printing works (Chaix, Mame, etc.) ; chemical works ; transport firms ; insurance companies ; banks ; etc.

Proportionately to length of service :—Muller & Roger, Bronze Founders, Paris ; The Halle Engine Works (Prussia) ; Roessler, Earthenware Factory at Rodach (Coburg), etc.

Proportionately to wages and to length of service :—Bergeron, Book-binder, Paris ; Brègues, Maker of Instruments of Precision, Paris ; the Suez Canal Company ; Deberny & Co.'s Type-Foundry at Paris, etc.

Proportionately to wages and to the importance or value of service or of functions :—Insurance Companies *l'Union* and *la Providence* ; Fouquet, Builders' Merchant, Caen, etc.

Proportionately to length of service and to the importance or value of service or of functions :—Balland & Co., Makers of Watch Parts, Geneva ; Cassell & Co., Printers, London ; Fouquet, Spinner, Câble-Perruel (Eure) ; Richter, Goldsmith, Hamburg ; The Carvin Mines ; Winckler, Paper and Leather Merchant, Leipsic, etc.

Proportionately to wages, to length of service and to the importance or value of service or of functions :—Bernot Brothers, Dealers in Fuels, Paris ; Boissière, Slater and Plumber, Rouen ; Insurance Company *Nationale*, etc.

According to wages and individual production :

--Miguel Marcet's Sons, Spinners and Weavers, Tarrasa-Barcelona ; Storck Brothers, Builders, Hengelo, etc.

At so much per head :—Danish Railways ; Metcalf & Cooper, Printers, London, etc.

Without any fixed rule and as the employer may determine :—Seidel & Neumann, Sewing-Machine Makers, Dresden, Saxony ; *First Rotterdam Insurance Company*, etc.

3. EMPLOYMENT OF THE SHARES.

The funds arising out of Profit-Sharing are dealt with mainly in two ways :—(1) They are under various forms distributed individually to the participants—this is *individual* Profit-Sharing ; (2) They are paid into a common fund to support provident and benevolent institutions and provide pensions—this is *collective* Profit-Sharing.

Individual Profit-Sharing.

Individual Profit-Sharing occurs principally under three forms.

A.—The Shares are PAID OUT IN CASH at the end of each financial year. This method relieves the employer of the management of the funds. The heads of firms which pay the shares in cash are generally guided by one of two considerations —either they desire to make the Profit-Sharing chiefly “a stimulus to industry and to economy in production” as is often the case in England

and the United States,¹ or, without this motive specially, they are of opinion, as is the case with a certain number of French employers, that it should be left to the participant to occupy himself with the care of his own future ; they think that after having stimulated the zeal of the workman by the promise of a share of the profits, it is important to hand him his share in ready money so as to invest the transaction with the character of irrevocability and finality and avoid having to make him wait for his share for a longer or shorter period.²

The payment of the individual shares in cash is in vogue in a large number of businesses belonging to branches of industry and commerce of the greatest diversity.

Examples are not wanting of profitable employment of the sums paid out in ready money. But more frequently this method of working the system gives a purely temporary benefit ; the funds provided by the Profit-Sharing being absorbed in meeting the requirements of daily life, are to a large extent lost as regards provision for the future.

B.—The shares are RESERVED FOR THE FUTURE. The first form of provident fund of this kind that

¹ See Frédéric Dubois—*Exposé de quelques résultats statistiques de la participation aux bénéfices dans l'industrie* presented to the *Congrès des Sociétés savantes* in 1890 (*Bulletin de la Participation*, vol. xii., p. 209).

² See *Congrès de la Participation aux bénéfices en 1889. Rapport sur la vii^e. question, et discussion* (Paris, Imprimerie Chaix.)

we meet with is the CAPITALIZATION WITH INDIVIDUAL CERTIFICATES extolled by M. Alfred de Courcy. The amount accruing to the participant at the end of the year is placed to his individual account ; it increases each year with the interest and the fresh share of the profits. The owner follows the progress of his savings by means of the certificates that he holds. When he has fulfilled the stipulated conditions as to age, or length of service, he enters on the enjoyment of the capitalized product of his share of the profits, and, in most cases, he must choose between allowing his capital to remain with the firm, but with an inalienable title, or receiving an annuity either with or without return of the principal.¹ In the case of some firms, however, the participant who has acquired the right to the liquidation of his account may dispose freely of the sum represented by his certificates.

M. de Courcy strongly recommended the patrimony in preference to the annuity method, both in the case of public authorities and in that of private industry. Numerous and successful trials have demonstrated the value of his principles, which indeed possess an admirable character of utility and morality. A pension, or the

¹ The participant chooses in general an annuity with the principal surrendered only when he is without direct heirs. M. de Courcy confirms this in the case of the employees of the *Compagnie d'Assurances générales* ; M. Chaix in that of his printers ; M. Piat in that of his engineers and moulders ; M. Goffinon in that of his plumbers and slaters.

right to a pension dies with the individual ; the income derived from the patrimony is perpetual. Should the holder become prematurely unfitted for work, he enters at once on the enjoyment of his provident fund ; should he be struck down by death he transmits to his dependants the capital that has been laid up.

By this procedure Profit-Sharing secures to employees who have reached the retiring age a most valuable addition to their resources, and forms at the same time a patrimony for their families. Yet there is nothing absolute or final about it. We have indicated in the *Guide* certain ingenious combinations based on annuities. On the other hand cases may arise in which the individual shares, even although capitalized throughout a long series of years, would not reach a sum large enough to furnish a sufficient income for the holder, while an annuity purchased with the same funds would be a real help to him.¹

This method is employed by the *Compagnie d'Assurances générales* and by a large number of other insurance companies ; by the *Compagnie de Fives-Lille* ; at the Epinac Collieries ; by Messrs. Caillard frères, Engineers, Havre ; by various other industrial houses ; by banks, savings-banks, etc.

A certain number of firms that have put in practice the method advocated by M. de Courcy,

¹ It will be observed that the printing firms of Chaix and Gounouilhou have been led to replace the capitalization method with that of retiring pensions.

or one approximating to it, have thought it necessary to detach annually a portion of each individual share, and to pay out the same in cash. In a memorandum presented in 1884 to the Congress of Blois of the *Association française pour l'avancement des sciences*, M. Chaix has set forth the reasons which, he considers, have induced employers to act in this way. "If the employer," he says, "has to do only with employees who understand well the advantages belonging to accumulated savings, and who are naturally more stable, he may, without compromising the results of the system, reserve the whole of the sum allotted. But the workman, who does not in general think of the future, might not believe in the Profit-Sharing unless he handled each year at least some of the profit. He would only feel convinced that, in keeping back his share under pretext of saving it, it was sought to bind him to the establishment, and instead of appreciating the benefits of Profit-Sharing, he would regard it with suspicion. I think, therefore, that one must be content to hand him over year by year a certain sum in cash, while advising him not to spend it, and affording him facilities for investing it, as we have done in our business."

Although these considerations have lost nothing of their force, experience led, in the case of the Chaix printing works in the year 1895, to a change from the original mode of procedure. Since that date, with the object of furnishing the participants

at the time of their retirement with more ample resources, the firm, in accord with its personnel, who had been previously consulted, pays over the total amount of the shares to the National Old-Age Pension Fund, and constitutes for the benefit of each participant an annuity commencing at fifty-five years of age, with *Capital reserved*. The holder has the option of surrendering the Capital at the age of fifty-five in order to augment the amount of his pension. In agreeing to the whole of their share of the profits being reserved for the future—even the third part, which for twenty-three years was paid to them in cash—the workmen of the Chaix printing establishment have shown how much, under this system, the provident spirit has developed among them.

We find the mixed systems (part paid in cash, part capitalized) notably in the case of the following firms, viz., Baille-Lemaire, Optician, Paris ; Fouquet, Builders' Merchant, Caen ; Freese, Venetian Blind and Wood-Paving Manufacturer, Berlin ; Mame, Printer and Publisher, Tours ; Piat et fils, Engineers and Ironfounders, Soissons, etc. Also in that of the Milan *Banque Populaire*, the Rheims Savings Bank, the Phœnix Insurance Co., etc.

In other instances the Shares are devoted to the DIRECT CONSTITUTION OF ANNUITIES. This method is followed notably by the *Société des chemins de fer économiques* : *La manufacture ardennaise de boulons et ferrures de wagons*, Braux (Ardennes), etc. The oldest application of this

kind is the "Workshop Fund" (*Caisse de l'Atelier*) of the type-foundry of Deberny & Co., Paris, instituted in 1848, to which the product of the Profit-Sharing is annually placed, along with other income. This fund provides its members, who have worked a certain fixed period, with a pension, partial or complete, commencing at the age of fifty-five. The complete pension is given only to the participant who is retiring from work ; the partial pension is paid to the participant who continues in the firm's employment. In the Deberny Foundry there are pensioners who receive annually from 276 to 736 francs (£11 10s. to £30 13s.) and earn a wage corresponding to the service which their strength allows of their rendering. This system procures for the workman a very valuable supplement at a somewhat early period of life.

An example of more recent date and which merits very particular notice is that furnished to us by the *Société anonyme des journeaux et imprimeries de la Gironde* (*Maison Gounouilhou*), Bordeaux. Up to January 1, 1908, two-thirds of the Employees' share of the profits were allotted to the Editors, Clerks and Workers who had been two years in the establishment. These two-thirds were paid in with capital reserved, to the National Old-Age Pension Fund, with the right to a pension at the age of fifty-five. The remaining third accrued to those of the firm's Employees who had behind them seven years of service. This third was paid in cash. The division of the

first part and also of the second took place pro rata to the salaries and wages.

Since January 1, 1908, the division of the first and second portions of the share of profits has been discontinued and there has been no further payment in cash. The participants are the workers, male and female, and those of the clerical staff who do not already participate in the firm's pension fund founded the same year.¹

According to the new regulation, the division is made "by commencing every year with the oldest participants who have not attained the age of fifty-five, and allotting to each of these, until the sum to be divided is exhausted, the maximum amount that the law permits the Old-Age Pension Fund to pay annually to any individual"—at present 500 francs (£20)—in order to secure as early as possible an annuity for every participant against the day of his retirement. The amount of this pension is fixed by scale according to the functions of the recipient. In this way it is sought to render the resources provided by the Profit-Sharing scheme as effective as possible.

A Mixed Scheme—part paid in cash, part reserved pending retirement—is operated notably by the Sucz Canal Company; the Netherlands

¹ This fund, which is restricted to the Editors and the Clerical Staff, is supported (1) by 5 per cent. retained from the salaries, (2) by annual grants from the firm. The annual pensions are fixed at one-third of the annual salaries during the five last years of service.

Alcohol and Yeast Works at Delft ; the firm of Messrs. Thuillier fils et Lassalle, Plumbers and Slaters, Paris, etc. The most important example of this method is that of the Maison Leclaire, where, as already mentioned, the personnel receive their portion of the profits in cash, while the Mutual Aid Society (*Caisse de Secours Mutuels*) by means of the large funds which constitute it a sleeping partner in the concern, provides for its members amongst other benefits an annual pension of 1,500 francs (£60).

C.—The shares of the profits are applied to the ACQUISITION, OPTIONAL OR OBLIGATORY, OF INDIVIDUAL SHARES IN THE OWNERSHIP OF THE BUSINESS. Participation by the staff and workmen in the capital of an industry carries with it unquestionably considerable force. It is in its nature to develop in the participants an attachment to the undertaking, activity in their work and all-round economy, nothing being so valuable in business as that which stimulates personal interest. One serious objection has, however, been raised against this procedure ; it has been reproached with subjecting the modest savings of the workman to the risks incident to industry ; it is not without reason that the terrible effects have been pointed out that financial disasters produce in the case of working people who are involved in them. These arguments, the force of which must not be undervalued, lose, however, something of their importance when they have to do, not with sums saved by the workman out of

his ordinary wages, but solely with his share in the ultimate profits of the business—that is, with a supplementary remuneration allotted to him annually over and above his wages.

Two examples of this mode of employing the funds have gained a renown which is peculiarly justified—those of the Paper Mill of Laroche-Joubert & Co., at Angoulême, and the old-established firm of Godin (Colin & Co.) *Société du Familistère*, with works, foundries, etc. at Guise (Aisne).

At the Angoulême Paper Mill the conversion of the shares of the profits into shares in the ownership of the business is *optional*. When the accumulated savings and profits of a Co-operator have reached 1,000 francs, or several thousand francs, he may be allowed to employ the amount in becoming a participant in the Capital—that is, a sleeping partner in the concern, a co-proprietor of the assets of the paper mill. He shares thereafter in its fortunes, whether good or bad. The Capital is constituted in indivisible shares of 1,000 francs (£40) each. The present employees and a certain number of the staff and workmen who have retired from active service, possess in the aggregate nearly a third of the capital of the business.

In the case of the following firms the acquisition of shares in the Capital is also optional, viz.: Civet, Pommier & Co., Owners of Free-stone Quarries, Paris; the "Phoenix" Insurance Co.; the Edison Lighting Co., Brooklyn. We recall that, as a conse-

quence of the option given to the personnel of the shops of the *Bon Marché* to acquire shares in the ownership of the business, and thanks also to the generosity of M. and Mme. Boucicaut, the 128,000 shares of the capital are now in the hands of the employees and former employees of the establishment.

The *Société du Familistère* at Guise—where the conversion of the shares of the profits into shares in the ownership is *obligatory*—comprises : (1) Associates, (2) Members, (3) Participants, (4) Auxiliaries. We have already seen the proportions in which the profits are divided between Capital and Labour. The dividends to Capital are paid in cash ; those of the Associates, Members and Participants are handed them in the form of Savings Certificates (*titres d'épargne*) ; those of the Auxiliaries go to support a mutual insurance fund ; lastly, the dividends of those officials who participate in the profits allotted as the reward of skill are also converted into Savings Certificates. Independently of its share in the profits, Capital receives a fixed annual interest of 5 per cent., which is considered as the *Wages of Capital*, and is, of course, deducted before the net profit is arrived at.

In his deposition before the Extra-Parliamentary Commission on Workmen's Associations, in 1883, M. Godin explained his ideas on the subject of the transfer of the Capital, as follows :—

“ At a given moment, I shall have my Capital completely re-imbursed to me ; the workmen will

have taken my place ; but the statutory arrangements are such that the re-imbursement will continue indefinitely, taking effect in the case of the shares longest held, so that the establishment will always be in the hands of its workmen for the time being." These forecasts have been fulfilled.

In the case of the South Metropolitan Gas Company, London, about half of the share of the profits allotted to the workmen must be devoted to the acquiring of shares in the Capital. According to our latest information the employees of the Company now possess 350,000 pounds sterling of the funds of the business. We have already seen that this system has spread to twenty-five other gas companies in Great Britain.

The *obligatory* conversion of shares of the profits into shares in the ownership of the business is in operation in a variety of other industries, e.g., the Nelson Manufacturing Co., Makers of Plumbers' Fittings, St. Louis, Missouri, U.S.A. ; Procter & Gamble, Soap Makers, Cincinnati, U.S.A. ; Van Marken's Printing Works at Delft, Holland ; the *Concorde* (Eendracht) Printing Works at Schiedam, Holland ; M. Boissière, Plumber and Slater, Rouen ; The Carvin Mines, etc.

In a certain number of establishments *participation in the Capital takes place without previous participation in the profits*. An exceptionally important example of this mode of operating is presented in the case of the United States Steel

Corporation, New York, where more than 25,000 shares, representing two million dollars (£400,000) have been placed at the disposal of 168,000 employees with an assured return of 7 per cent.

As already mentioned, one cannot but feel concerned at the risks that are thus run in the case of modest savings which an industrial crisis may suddenly compromise, or annihilate. In this instance such an apprehension is the more serious, that, in order to preclude the employees with large salaries from monopolizing the shares, the option of devoting to this purchase the largest proportion of their annual earnings has been given precisely to the workers with the smallest salaries, or wages. It is, however, to be considered : (1) that the proportion in question may not exceed 20 per cent. of the earnings ; (2) that, thanks to the importance of their amount, the dividends result in reducing the risk and in cancelling it, to some extent, fairly quickly. Finally, it must not be forgotten that there cannot be partnership without risks and that in a country like America such a consideration has no power to frighten the working classes.

An attempt of a similar kind was made in 1908-1909 by Messrs. Furness, Withy & Co., in their vast dockyards for naval construction at Hartlepool, England. But the experiment was of short duration, a majority of the workmen having voted for the discontinuance of this participation in the capital, although it had brought them a dividend of 9 per cent.

Messrs. Lever Brothers, Ltd., Soap Makers, of Port Sunlight, England, distributed recently, among the employees of the firm over the age of twenty-five and with five years' good service, certain vouchers called *Partnership Certificates*. The degree of importance of this distribution corresponds each year to about 10 per cent. of the salaries and wages. It will be continued in the case of those entitled to participate until a maximum is reached equivalent to the total salary or wage for two or three years, according to the class of the recipient.

After payment of interest on the Capital and the deduction of certain sums allotted to "*Preferential Certificates*" the profits are divided pro rata between the ordinary shareholders and the holders of *Partnership Certificates*. This new scheme will introduce no change in the benefits hitherto accorded to the personnel. It constitutes, however, a fresh step in the direction of an ever closer partnership of the employees in the fortunes of the business.

In the case of Messrs. Japy Brothers & Co., Manufacturers, Beaucourt, 3,000 bonds for 100 francs each, called *parts de participation* have been placed at the disposal of the staff and workmen. They return their holders 4 per cent. in ordinary interest, and a supplementary interest in accordance with the dividend on the shares of the business. The bonds are redeemable at par in case of the liquidation of the firm. They cannot be seized.

Collective Profit-Sharing.

This mode of procedure has an essentially benevolent or paternal character. Here there are no individual accounts for the creation of a separate patrimony for each participant, but a group of admirable institutions for the workmen—insurance, pensions, cheap dwellings, benevolent funds, houses for the aged, educational establishments, etc. It is the system extolled and practised by Jean Dollfus and Frédéric Engel-Dollfus.

In a report addressed in 1880 to the *Comité d'utilité de la Société industrielle* of Mulhouse, M. Frédéric Engel-Dollfus estimated at 10 per cent. of the Annual Wages the proportion that it would be well to adopt for this Collective Profit-Sharing, if it is to produce the results expected of it. He subdivided this 10 per cent. as follows:—To institutions for the benefit of childhood, 1 per cent.; lodging, 1 per cent.; assistance in cases of sickness, 4 per cent.; maternity, $\frac{1}{2}$ per cent.; accident insurance, $\frac{1}{2}$ per cent.; retiring pensions, 3 per cent.

M. Alfred Engel, the son of M. Frédéric Engel-Dollfus, made a very striking communication on this subject to the Profit-Sharing Congress of 1900, in his capacity as Reporter on the Tenth Question. He showed how matters had stood in 1899 in a Mulhouse establishment which had applied these principles for a number of years with a personnel whose annual wages amounted to about 2,200,000 francs (£88,000).

There had been expended for :—

1. Childhood	fr. 15,431·90	= 0·70	per cent of wages
2. Lodging	„ 29,000·00	= 1·31	„ „
3. Sickness and Maternity	„ 80,157·40	= 3·27	„ „
4. Accident In- surance	„ 9,466·36	= 0·43	„ „
5. Pensions	„ 91,061·00	= 4·25	„ „
	<hr/>		
	frs. 225,116·66	= 9·96	„ „

The 10 per cent. indicated in the theory was thus almost exactly realized in practice ; 7·40 per cent. had been furnished by the employer ; the remainder by the workers. According to M. Frédéric Engel-Dollfus these sums were to be deducted and expended before handing to the employees any supplementary wages, or any share in the profits ; "a prudent advice," said M. Alfred Engel, "which had for its object to ensure that by carrying them into effect himself, the larger portion of the sacrifices made by the employer would be duly applied to the services for which they were intended."

The firm of Dollfus-Mieg & Co., Ltd., engaged in the textile trade, Makers of Sewing Thread, Spinners, Weavers, Bleachers, Dyers and Finishers, of Mulhouse, practises Collective Profit-Sharing on a large scale. The same Collective Profit-Sharing is carried on at Rothau, Alsace, by Messrs. Steinheil, Dieterlen & Co., Cotton Spinners, Weavers and Dyers—so far as

concerns the workmen's share, that of the staff being handed to the recipients in the form of bonuses ; at Thann, Alsace, by Messrs. Scheurer-Lauth & Co., Printers on Cloth ; at the Laundry and Dye Works at Thaon, Vosges, under the management of M. Lederlin ; at the Schaffhausen Spinning Works, Switzerland, etc.

Under this system may also be included the scheme of Messrs. Lever Brothers, Makers of "Sunlight" Soap, at Port Sunlight, Birkenhead, near Liverpool, who since 1891 have devoted a part of their profits to a series of remarkable institutions, notably to the erection of buildings for the general benefit of the employees, such as Recreation Rooms, and to the reduction of rent for the numerous workers for whom they provide houses—*independently of the founding of the system of Partnership Certificates to which we have alluded on p. 66.*

Generally speaking, Collective Profit-Sharing has more effect than Individual "*in those establishments where distribution among all would give only a small amount to each.*"¹

When speaking of the institutions of general utility characteristic of Collective Profit-Sharing, we should add that a large number of firms practising Individual Profit-Sharing have established in addition remarkable institutions of the benevolent type. The description of all these provident schemes would fill many volumes. It is a fascinating and inspiring study, recalling these words of Frédéric Engel-Dollfus : "To me it is as difficult to imagine a manufacturing

¹ Tenth resolution of the Profit-Sharing Congress of 1900.

establishment without its benevolent fund, its pension fund and its schemes of various kinds for the benefit of the workers, as it would be to conceive of the great oversea-trade without marine insurance, or any great industrial concern without insurance against fire.”

IV

MANAGEMENT AND ACCOUNTS

Three main methods are in vogue for the management of the funds produced by Profit-Sharing.

A.—The funds remain on current account with the firm, the management giving such security for them as they may deem necessary, and adding interest at a fixed rate, generally that of 4 or 5 per cent. M. Goffinon, who has devoted himself actively to the institutions of which we are now treating, has always pronounced very decidedly for this procedure. According to him, the employees as a result apply themselves more closely to the business of the firm ; they follow its development and success with a solicitude due to personal interest. Under such conditions they are naturally induced to give their employer a more enlightened and thoughtful, and consequently a more devoted service, penetrated as they often are with the conviction that he is guiding the fortunes of his employees with as much vigilance as those of his own property. These considerations deserve attention ; but

they do not obviate the serious anxiety of seeing precious savings involved in industrial risks.

In M. Goffinon's business (now Barbas, Balas & Co., Plumbers and Slaters) the general meeting of the Participants decided each year by a secret vote, whether the funds of the institution should continue to remain on current account with the firm, or whether the management of them should be entrusted to an insurance company—either a trust company, or a public fund. The Participants have always pronounced in favour of keeping things as they were. It was the same in the business of M. Monduit as long as Profit-Sharing existed in the establishment of that employer.¹

The same system is practised by Messrs. *Thuillier fils et Lassalle*, who carry on an industry analogous to that of the old-established house of Goffinon.

The *Compagnie d'Assurances générales* also retains with its own capital the funds from the Profit-Sharing, to which it adds interest annually at 4 per cent. But M. de Courcy was of opinion that every establishment with provident institutions should pay the money into a Fund for Deposits, and he advocated for such precious resources the creation of a Special Public Fund, giving all the security desirable.

We believe that many employers manage the funds produced by Profit Sharing in a similar way (adding interest at a fixed rate) for want of better means of protecting them from industrial risks.

B.—The funds are invested in Government Stock, Railway Debentures or other reliable securities ; they increase through addition of

¹ Profit-Sharing was discontinued in this high-class plumbing and roofing business on the death of M. Monduit, which occurred in 1910.

the dividends or interest ; the certificates of ownership are kept in the firm's safe, or deposited with a bank. By this means the patrimony of the employees is kept distinct and separate—in fact, if not also as regards legal claim to it—from the assets of the firm. Doubtless, in the event of the affairs of the firm getting into a bad way, the savings in question would not be less in danger than if they were mixed up with the capital of the concern, for the collective participants not possessing legal personality, the funds are invested in the name of the employer. But one has at any rate to deal with a situation that is always straightforward and clear. The measure has incontestably a character of administrative order and precision. One of its chief advantages is that of lessening the anxieties of the employer while it enhances the security of the workman.

Amongst the establishments that have adopted this mode of managing the funds we may mention several insurance companies, : *la France*, *L'Abeille*, *le Phénix*, *le Soleil*, *l'Aigle*, *la Foncière* ; the firm of Muller and Roger ; the Rheims Savings Bank and the Coulommiers Savings Bank. The procedure was the same at the Chaix Printing Works up to 1895, when it was decided to pay over the whole of the shares in one sum to the State Pension Fund. The funds of the *Caisse d'Atelier* of the Deberny foundry, chiefly invested in Government Stock, are deposited with the Bank of France.

C.—The money is paid into the National Old-Age Pension Fund, or to an insurance company

to provide annuities with or without return of capital.

The principal houses that practise in this way are the following :—the Chaix Printing Works, 20, Rue Bergère, Paris ; the Paris and Orléans Railway Co. ; *Compagnie de Fives-Lille*, Engineers and Contractors ; *Delalonde et Gouverneur*, Builders, 65, Rue d'Erlanger, Paris ; Mame & Son, Printers and Publishers, Tours ; Piat and Sons, Engineers and Ironfounders, at their factory *La Magdeleine* at Soissons ; Roland-Gosselin, Stockbroker, 62, Rue de Richelieu, Paris ; *Société anonyme des journaux et imprimeries de la Gironde, Bordeaux*. The firms of Messrs. Caillard, & Co., Engineers, Havre, and Buttner-Thierry, Printer, 34, Rue Lafitte, Paris, deposit the capital of the funds at compound interest with an insurance company. The Gas-Light Company of the towns of Mans and Vendôme lodges the individual shares in the Savings Bank, but it adds to the result of the Profit-Sharing a grant equivalent to 3 per cent. of the wages—which grant is paid in the names of the participants into the National Pension Fund with the capital reserved.

A certain number of establishments, notably the insurance companies and also some financial and industrial firms, have retained in the hands of the Management the sole control of the funds from the Profit-Sharing and the application and interpretation of the rules governing it. Other firms, on the contrary, in considerable number, have established **consultative committees** whose members, elected from among the employees, deliberate with the head of the firm as to possible improvements in the mode of operating the scheme, the administration of the provident

funds, the settlement of accounts, etc. These committees are veritable family councils and induce co-operation of an excellent kind. So far from raising questions of a distrustful nature, they form, in general, elements of conciliation and union. They nearly always bring a careful attention and a zealous devotion to the fulfilment of the duties entrusted to them through the confidence of the employer, or that of their comrades.

By a measure of wise prudence some firms deduct from the profits of good years the elements of a Profit-Sharing Reserve Fund, with the object of diminishing the effects of less prosperous years and preparing for unforeseen contingencies.

Finally, certain rules contain clauses making the ultimate ownership of the industrial shares thus placed in reserve, wholly or partly dependent on conditions of steadiness and good service. The Congress of 1900 pronounced against stipulations of this kind. In the course of the remarkable discussion which took place on this subject, M. Cheysson, in a report, brought forward some very conclusive arguments against forfeiture. These forfeiture clauses are in reality seldom carried into effect.

As our Congresses have judged it wise and expedient to give the employees a share in the management of the profit-sharing funds by the appointment of the consultative committees above mentioned, so also they have pronounced against all intermeddling by the employees with the keeping of the accounts. Such intermeddling is

inadmissible. "Just as the participating workmen and members of the staff are nowhere allowed to discuss orders given, or to interfere from day to day, apart from their own proper duties, in the general management of the business, so it is equally impossible to hand over to their control, or to expose to their criticism, the valuations at the end of the year. The Profit-Sharing Scheme must leave intact the normal authority of the Employer regarding the calculation and fixing of the amount of profits to be distributed. We cannot insist too strongly on this fundamental point. Whether it concerns a private business or a public company, the head of a firm that gives to its employees an interest in the profits must remain master in the management of the business, not only in the conduct of the operations from day to day, but also in dealing with the accounts at the close of the year."¹

In his evidence before the Extra-Parliamentary Commission of Inquiry in 1885, Charles Robert dealt at considerable length with this subject; he examined and elucidated it with the help of very exact notes.²

¹ "*Du Contrôle des comptes, au double point de vue juridique et économique, dans le système de la participation aux bénéfices*"—Communication by M. Charles Robert to the "*Congrès des Sociétés Savantes de 1885*"—See the *Bulletin de la Participation aux bénéfices*, vol. vii., p. 173 et seq.

² See *Enquêtes de la Commission extra-parlementaire des associations ouvrières*, Part 3, p. 22 et seq. (Paris, Chaix, 1888).

"I think I can say, Gentlemen, without any exaggeration," he asserted, "that the future of Profit-Sharing with employees depends entirely on the solution of this question. If Profit-Sharing is to be established and extended, it is essential that the employer, the proprietor of the business, or the manager of the company, shall not, as a result of the Profit-Sharing Scheme he has introduced, be liable to find himself faced with a demand on the part of his employees to interfere in the management of the accounts.

"... It is necessary, for example, that in large industrial establishments it should be possible to form important reserves, in order mainly to allow of sudden variations being avoided in the amount of the dividends. It is indispensable that this measure of good administration should never be hindered by participants who may be bent on immediate enjoyment of the results by taking out their share of the whole of the exceptional profits of a good year. It is also essential that heads of businesses should have the power, in case of extraordinary expenditure, to settle the rate at which it shall be written off and to decide the number of yearly balances that are to be burdened with it. . . ."

Is it not well that, in order to have complete security in regard to this matter, employers should take the precaution of stipulating expressly, when they institute Profit-Sharing, that they will allow no interference of any kind on the part of the employees with the management of the

business, or the administration of its affairs, or in the way of examination of the accounts ?

Such an arrangement will always be wise, seeing that certain disputes have been taken before the courts and judgments given which render prudence in this matter advisable. (See the chapter devoted to *Contrôle des Comptes* in the *Guide Pratique*.)

Such is the advice of the Society for the Practical Study of Profit-Sharing, and particularly that of its President, M. Paul Delombre, who said to us recently, in connection with this matter :

“ Confusion has at times been caused ; e.g. where judgments have been given authorizing examination or checking of the accounts the decision has sometimes been on cases that had nothing to do with Profit-Sharing properly so-called. This latter, it cannot be too often repeated, implies previous payment of the normal wage—the ordinary price of labour. When, as forming the whole, or a portion of this price, an interest in the profits has been promised in order to represent, or complete it, the situation at law and in fact is radically different from that created by Profit-Sharing and explains how, in such a case, a legal decision may prevent a breach of the fundamental conditions of the contract and of the agreed remuneration of the labour. There is nothing of this in Profit-Sharing, which, on the contrary, in its essence seeks to secure first of all the due remuneration of the service rendered and

in no way subordinates this, or proportions it, to the future results of the business.

"One of the fundamental conditions of Profit-Sharing is the exclusion of any idea of commercial partnership on any ground whatever and the refusal of any interference on the part of the employees with the management of the business, or discussion of the decisions of the manager. And, just for this reason, it will always be well to include these conditions in the deed instituting a scheme of Profit-Sharing, and without which conditions it is to be feared no employer would hazard the introduction of Profit-Sharing into his business."

The Extra-Parliamentary Committee of Inquiry of 1883, in a Draft Bill regarding productive co-operative societies and profit-sharing contracts deposited at the Office of the Chamber of Deputies on July 16, 1888, has decided this question in a manner that is worth recalling.

Two hypotheses were adopted by them—either the Profit-Sharing Regulations dealt specifically with the question of verification and audit, or they passed this by in silence. In the former case the Bill left it to the "specified arrangements of the agreement" to determine the rules and conditions of the audit. The renouncing of any examination or verification was, moreover, expressly provided for. The Bill stipulated finally that "in case of there being neither rejection, nor regulation of an audit, the annual verification of the accounts shall be made by an expert amicably

chosen, or in case of disagreement, appointed by the President of the *Tribunal de Commerce*.¹

¹ The clauses of the Draft Bill of the Extra-Parliamentary Committee relating to this subject are as follows :—

“ Clause 32—In accepting Profit-Sharing the parties concerned may renounce expressly all examination and all verification.

“ In case there is no renunciation, this examination and verification may be regulated according to arrangements specified in the agreement.

“ In case there is neither renunciation nor regulation of the audit, the annual verification of the accounts shall be carried out by an expert, amicably chosen, or, in case of disagreement, appointed by the President of the *Tribunal de Commerce*.

“ Clause 33—In the case in which, in accordance with the Articles of Association, the whole, or a portion, of the divided annual profits is retained in the business and gives the right to a further portion of the profits, the recipients, in the absence of stipulations to the contrary, shall have no right to verification other than that conferred by Clause 32, paragraph 3.

“ They may even renounce this verification in accordance with paragraph 1 of the same clause.”

Speaking of the Renunciation Clause, the recital of the reasons for the Bill is thus expressed :—

“ We consider that this clause is warranted. The Profit-Sharing Contract necessarily assumes confidence in the Head of the Business. The verification of the accounts would not suffice to protect the rights of the recipient in the case of a dishonest employer; further, it would not protect him from the imprudences of an employer whose operations would be such as to compromise the profits of the business. The Renunciation Clause is not a condition that (if adopted) can be set aside by either of the contracting parties; it would only become such in case of fraud, and fraud is not assumed. Finally, this clause contains nothing contrary to good conduct, or to public order; its analogy is to be found in certain contracts of life-insurance companies under

Thus the Extra-Parliamentary Committee in any case rejected the direct interference of those having a right to share in the profits.

The arrangement for a special examination of the accounts through the agency of a person from outside the establishment and chosen by common accord can be readily understood. It was thus that M. Goffinon instituted in his business the examination of the accounts by an expert arbiter connected with the Courts, who certifies to the Annual General Meeting the correctness of the figures and their agreement with the statutory basis, without divulging anything that should be known only to the heads of the business. His example was followed by Messrs. Thuillier Brothers. What is of importance—the whole working of the Profit-Sharing System depends upon it—is that, upon no pretext and under no form, shall interference in the conduct of the business be rendered possible.

The International Congress of 1900, after having once again pronounced emphatically against any interference with the books on the part of the employees, expressed the opinion that the verification of the accounts by an expert arbiter "gives complete security to the participants, as also to the head of the business." It

which they distribute to the insured a portion of the profits without their having power to insist on examination of the books; and these contracts have been recognized as lawful. (Paris, January 12, 1881; Court of Appeal July 19, 1881.)"

is to be observed that the participating employees of the two firms mentioned above have never asked for this verification. Those of the old-established firm of Goffinon have even protested against such a measure, declaring that it appeared to imply on their part a feeling of distrust towards their employers which they have never entertained.

V

THE RESULTS

The profound effect produced by applications of the system, such as those of which we have been describing the principal features, will be readily understood. It will, however, scarcely be superfluous to recapitulate briefly some of the results.

Leclaire had wisely foreseen two elements essential for the success of his scheme: (1) the permanence of its direction by the appointment of managers for life; (2) the obtaining of good assistants by means of graduated benefits accessible only to a diligent, devoted and stable personnel.

All the workmen and clerical staff of the Leclaire firm participate, in proportion to their wages and salaries, in the 50 per cent. of the profits allotted to Labour. They have thus, each and all, an interest of the strongest kind in making the business prosperous.

Besides this important scheme, the Provident and Mutual Aid Society as sleeping partner—and which to-day owns nearly four million francs

(£160,000)—gives support to its members when in difficult circumstances and pays to those of them who have retired an annual pension of 1,500 francs (£60). This is the higher grade. The participant attains to it only after being for five years one of a select group of employees termed the "Nucleus" (*Noyau*). One can easily see what kind of a selection, favourable to the steady progress of the business, such an organization allows of making. On November 1, 1909, the Society had as pensioners, 212 retired employees, including widows entitled to half-pensions.¹

The staff and workmen of Laroche-Joubert & Co.'s Paper Mill have become proprietors of a third of the share capital, although they have devoted to the acquisition of this capital only a fraction of their share of the profits. Further, certain aid and provident institutions, created in favour of the children, women and old men, contribute to the increase among the co-operators of interest in the business and to the drawing closer of the bonds between the employers and the personnel. The opposition that the collectivist

¹ The President of the Provident and Mutual Aid Society is appointed by the annual General Meeting of the Members. Since the death of Leclaire this office can be held only by a person from outside of the business. The late Charles Robert occupied the position for thirty-three years with a punctuality and devotion of which the grateful memory is still preserved in the establishment. He had for his successor, in 1899, M. Léopold Mabilleau.

and revolutionary doctrines meet with in such circumstances, is notorious. At the *Familistère* at Guise, the settlement made by Godin—which the founder strengthened by a legacy of 3,100,000 francs (£124,000)—has secured the prosperity of the Association, where there are, besides, many bonds attaching the employees to their work, e.g. hygienic dwellings, mutual aid, pensions and various schemes for instruction and education.

The dividing up of the capital of the *Bon Marché* has produced a remarkable movement towards saving in that establishment. It has developed the commercial and administrative education of numerous Associates, forming a true hierarchy, who have successfully maintained a capable management at the head of the house. On the other hand, the employees who are neither Associates nor Participants are induced to become steady and good workers by the Provident and Pension Funds so largely supported out of the annual profits.

The Profit-Sharing Scheme, with co-partnership in the business, put in force by Sir George Livesey in 1889, in the South Metropolitan Gas Company's business after a strike, is being solidly maintained. The last Report of this Company calls attention to the successful results of the scheme. "This partnership," the managers say, "by securing advantages for the employees and making them better workmen, benefits the Company in an equal degree, inasmuch as it enhances the productive effect of the work."

The *Westminster Gazette*, in its issue of February 21, 1912, published a study of the extension of this system in the lighting industry of Britain. There are 29 companies in question (three more than the number mentioned on p. 31), employing about 20,000 workers. The portion of profits allotted to the personnel amounted in 1910 to nearly 90,000 pounds sterling. For the South Metropolitan Gas Company itself, it corresponded to 8 $\frac{3}{4}$ per cent. of the wages and salaries. The value of the shares owned by the workmen and clerks of the whole of the companies amounted to £600,000, representing more than five-sixths of the total profits that had been distributed among them. The writer of the article definitely attributes to the influence of this scheme the peace that has been finally established between Capital and Labour in this important industry.

The Workshop Fund (*Caisse d'Atelier*), founded by Alexandre de Berny for his type-founders, continues to render them valuable services by assisting them in the present and by assuring them of resources in the future. It has in reality received only half a million francs (£20,000) as the result of Profit-Sharing ; but, thanks to an extremely wise administration and to pecuniary co-operation of its members, it has fully responded to the hopes of its founder.

The group of insurance companies, in which the first application of the system takes us back to 1820, disclose upon examination, in an equal degree, organizations and results of the highest

order. The desire worthily to remunerate the assistants of every rank, and to lay up for them resources for their old age in a measure corresponding with the prosperity of the business, has always existed here. There reigns throughout these administrations a provident spirit analogous to that which animates the great railway companies in regard to their personnel.

In the case of the *Compagnie d'Assurances générales*, the Provident Fund has received through Profit-Sharing nearly fourteen million francs (£560,000), which, with interest, has become twenty-one million francs (£840,000). It has effected individual savings sufficient to enable the employees who have arrived at the end of their active careers to live sheltered from want and to leave to their children that patrimony whose formation has been so warmly extolled by the late Alfred de Courcy. The sums furnished by Profit-Sharing to the similar institutions of the other companies—*l'Union, la Providence, le Phénix, la France, la Nationale, le Soleil, l'Aigle, l'Urbaine, l'Abeille*, etc.—form an aggregate not less imposing.

Here is a testimony to the favourable influence exerted on the personnel by these endowments : “Doubtless,” say the Managers of the *Compagnie d'Assurances générales*, “the first inspiration was liberal, the first donation of 150,000 francs (£6,000), generous. But no one can say in what degree the advantages given for the work of a faithful and devoted personnel has con-

tributed to the prosperity of the Company itself." One follows with an absorbing interest the successive developments carried out by the Insurance Company *l'Union* in the profit-sharing scheme that has existed in their business for two-thirds of a century—an organization in which the system of old-age pensions is so judiciously combined with that of the individual certificate which forms a patrimony, and completed by endowment assurance. These measures have resulted in the surrounding of the Management with a select body of assistants and the maintaining of a high degree of stability among the employees. At December 31, 1910, 71 of these had behind them twenty to forty years of service and 20 had more than fifteen years' employment.¹ Similar statements might be made regarding the other companies.

We have before us some interesting statistics relating to the firm of Dollfus-Mieg & Co., Ltd., of Mulhouse. During the six last years the proportion deducted from the profits to be handed to the personnel, or expended on their account, has varied between 10 and 27 per cent. These figures show with what perseverance and completeness the successors of Jean Dollfus and Frédéric Engel-Dollfus continue to follow the noble traditions of this firm.

The Suez Canal Company congratulates itself

¹ Charles Robert was Manager of *l'Union* for a great part of his noble career. His successor, Baron Cérisé, began by being his devoted assistant.

more and more on the good effects of the system adopted by it in 1865, and thanks to which many millions of francs have assured the prosperity of its provident institutions. From a single balance-sheet we take the following results :—

The deduction made from the profits for 1908 in favour of the Employees was 1,429,000 francs (£57,160), divided as follows :—

Amount distributed to 249 Pen-		
sioners	fr. 569,000	
Placed to Reserve Fund ¹	„ 115,000	
Amount divided among 389 graded		
Employees in active work	„ 745,000	
Total . . fr. <u>1,429,000</u>		

From 1872 to 1910 the distributions made by the Chaix Printing Establishment to its personnel amounted in the aggregate to 2,174,000 francs (£86,960). The average ratio of the shares of profits to wages and salaries was 5 per cent. For the single year 1911 the firm has paid on the pension certificates 100,000 francs (£4,000), to which the holders of certificates have added personal savings amounting to about 20,000 francs (£800).

In 1878, during a strike of printers, 62 workmen at the Chaix Printing Works left the work-

¹ The Reserve Fund provides for deficits and for assistance voted to employees who have met with misfortune, or to their families.

shops ; among them there was but one Participant. The firm, it is true, did not escape the strike, almost a general one, among the printers at Paris in August, 1899, nor that one, which was quite general, in the spring of 1906. But how many of these industrious workmen, in yielding to forcible pressure from outside, with regret quitted their work ? We were privileged to see personally, in the circumstances mentioned, what support M. Alban Chaix, seconded by his heads of departments, found in the co-operation of old and well-tried employees, and which he owed to the institutions of his firm.¹

In 1910, out of about 1,200 clerks and workmen of the Chaix Printing Firm,—

16	had	40	to	47	years	of	service.
69	"	30	to	39	"	"	"
149	"	20	to	29	"	"	"
183	"	10	to	19	"	"	"
192	"	4	to	9	"	"	"

It is well known with what consistency and perseverance the other principal applications have been carried out :—Seydoux, Vernes, Roland-Gosselin, Mame, Masson, Caillard, Lefranc, Gounouilhou, Baille-Lemaire, Cazalet, Thuillier, Bréguet, etc., in France ; Cassell in London ; Thomson at Huddersfield ; Taylor at Batley ; Van Marken at Delft ; Storck at Hengelo ; de

¹ Besides the Profit-Sharing Scheme, there is carried on a noteworthy professional school, which is for the firm as a nursery, providing excellent technicians.

Naeyer at Willebroeck ; Freese at Berlin ; Zeiss at Jena ; Nelson at Saint-Louis, Missouri ; Procter & Gamble at Cincinnati, etc.

These examples, joined to the lessons that have been left to us by the causes that have brought about and the circumstances that have accompanied the abandonment of the system in a certain number of cases, are sure guides for the judicious application of Profit-Sharing. They cannot be too closely consulted and examined. "Industries, countries, mediums are different ; hence methods vary. The organizer has had to take account of all kinds of circumstances and influences. It may be that he has found the sentiments of his workpeople favourable to his innovations ; for his part he had worked out the plan with wisdom and prudence and the scheme has been established peaceably and on durable foundations. Or, possibly, he has been under the necessity of combating ignorance and distrust, envy and malevolence, and the needs of progress sown in uncultivated ground have become sterile. Or, yet again, the foundations of the work may have been badly prepared, the materials hastily put together, and the whole, lacking solidity, may, after a short time, have fallen to pieces."¹ It follows from the facts narrated, that in order to its normal inception and development, Profit-Sharing demands above all things a favourable medium, the most entire good faith

¹ *Les applications de la participation aux bénéfices.* Introduction, p. 13 (Paris, Chaix and Guillaumin, 1896).

on both sides and serious preliminary study.¹ Our Society—we have stated it repeatedly—has been obliged to abandon the working out of typical regulations; for it has recognized that the system does not accomodate itself to uniform and rigid rules. But it has co-ordinated methods of application in such a way as to facilitate their adaptation to different cases. Moreover, the International Congresses of 1889 and 1900 have stated with precision, in well-matured resolutions, the general principles which have been evolved from experience and which it is important to observe.

¹ This is the preliminary study which M. Goffinon recommended so warmly and for which he placed himself so heartily at the service of "men of goodwill" who asked his advice. The administrative Council of our Society has appointed a Special Committee from amongst its members for consultations of this nature.

